

GENERAL INFORMATION

Purpose of This Package

Use this package to figure and pay your estimated tax. Estimated tax is the method used to pay tax on income that is not subject to withholding. Examples are income from self-employment, interest, dividends, rents, alimony, royalties, etc.

Follow these steps:

- Read the instructions in this packet.
- Complete the worksheet on front.
- Complete an Estimated Tax Voucher (enclosed) if you are required to pay estimated tax.
- Keep a record of your payments.

Who must pay Estimated Tax?

In most cases, you must make estimated tax payments in 1997 if you expect to owe at least \$500 **after** subtracting any withholding and credits you may have.

If you are required to pay estimated taxes, you must file estimated tax vouchers and pay at least the **smaller** of:

- 100% of your 1996 Montana tax liability (line 52 of Form 2 or line 32 of Form 2S). **OR**
- 90% of your estimated 1997 Montana income tax liability.

Who does not have to pay estimated tax?

Payment of estimated tax is not required if:

- your 1996 tax period covered 12 months and your Montana tax liability was zero, or
- you were not required to file a 1996 Montana tax return, or
- in 1997 you retired and were at least 62 years old (this exception pertains only in the year you retire and the year after), or
- In 1997 you became disabled, or
- at least 66 2/3% of your gross income is derived from farming or ranching operations or both, or
- the taxpayer died in 1997 (however, estates are subject to the estimated tax requirements), or
- the tax liability is less than \$500 after credits and/or withholding.

NONRESIDENTS AND PART-YEAR RESIDENTS

- Nonresidents and part-year residents who are **not** required to file a Montana individual income tax return are not subject to file estimated tax. If you **are** required to file, you may be subject to estimated tax.
- Part-year residents of Montana may be subject to file estimated taxes to cover the amount of income that is taxable to Montana.

PENALTY FOR UNDERPAYMENT

Note: a 10% underpayment interest penalty will be assessed if your estimated tax, Old Fund Liability Tax, withholding tax, or combination is underpaid.

WHEN TO PAY YOUR ESTIMATED TAX

Calendar Year Taxpayers

You may prepay all of your estimated tax for tax year 1997 by April 15, 1997, or in four equal amounts by the dates below.

1997 Estimated Payment Schedule:

First payment	—	due April 15, 1997
Second payment	—	due June 15, 1997
Third payment	—	due Sept. 15, 1997
Fourth payment	—	due Jan. 15, 1998

If the installment due date falls on a holiday, payment is due on the next working day.

Fiscal Year Taxpayers

Due dates for fiscal year filers are the 15th day of the 4th, 6th, and 9th months of the fiscal year and the 1st month of the following fiscal year.

A penalty will not be imposed on any underpayment of the fourth installment if you pay in full the amount computed on the return as payable **and** file the return on or before the last day of the first month following the close of the tax year.

Income Tax Division
Mail to: Department of Revenue
PO Box 6308
Helena, MT 59604-6308

Do not use these vouchers to pay your current tax liability.

TAX HELP: 1-406-444-3647 or TDD (Telephone Device for the Deaf) 1-406-444-2830. ☎

TAX TABLE

If Taxable Income is:				If Taxable Income is:			
Over	But not over	Multiply by	and Subtract = Tax	Over	But not over	Multiply by	and Subtract = Tax
\$ 0	\$ 1,900	X	2%	\$ 0	\$ 15,200	X	7%
\$ 1,900	\$ 3,800	X	3%	\$ 19	\$ 19,000	X	8%
\$ 3,800	\$ 7,600	X	4%	\$ 57	\$ 26,500	X	9%
\$ 7,600	\$ 11,400	X	5%	\$ 133	\$ 37,900	X	10%
\$ 11,400	\$ 15,200	X	6%	\$ 247	\$ 66,400	X	11%

Example = taxable income \$2,000 x 3% (.03) = \$60 subtract \$19 = \$41 tax

Form ESW 1997 - Montana Individual Income Tax Estimated Tax Worksheet

(Keep for Your Records)

Note: You may use your 1996 tax liability from line 52 Form 2 or line 32 of Form 2S to estimate your 1997 tax. If you choose this method skip lines 1 through 8 and enter your 1996 tax liability on line 9b below.

See instructions on back of vouchers

1.	Enter total amount of Montana adjusted gross income expected in 1997.....	1.	
2.	Enter estimated amount of A. 1997 itemized deductions or standard deduction.* B. Enter 1996 exemption amount, \$1,520 for each allowable exemption. Total of 2a. and 2b.....	2a. 2b.	2.
3.	TAXABLE INCOME. Subtract line 2 from line 1. If zero or less, do not go any further, you are not subject to estimated tax, DO NOT SEND IN VOUCHERS		3.
4.	Tax. A. Figure tax on the amount on line 3 by using the tax table on back. B. Lump Sum Distribution Tax (10% of Federal Lump Sum Distribution Tax) Total of 4a. and 4b.....	4a. 4b.	4.
5.	Credits against tax. Do not include income tax withholding on this line.....		5.
6.	Subtract line 5 from line 4.....		6.
7.	Old Fund Liability Tax (\$ amount subject to OFLT X .002 = Tax) (There is no longer a \$25.00 minimum).....		7.
8.	Enter total of lines 6 and 7.....		8.
9.	A. Multiply line 8 by 90% B. Enter 100% of the tax shown on your 1996 tax return (line 52 of the 1996 Form 2 or the total on line 32 of Form 2S) Enter the smaller of line 9a or 9b. (If unable to compute through 9a enter the amount from line 9b.).....	9a. 9b.	9.
10.	A. Calculate the amount of Montana Individual income tax to be withheld in 1997 (examples include withholding on wages, pensions, annuities, etc.) B. Amount of your 1996 overpayment applied to 1997 tax C. Enter your calculated Homeowner or Renter Credit for 1997 Total of 10A, 10B, and 10C.....	10a. 10b. 10c.	10.
11.	Subtract line 10 from line 8. If less than \$500, stop here. You are not required to make estimated tax payments. If \$500 or more subtract line 10 from line 9 and enter that amount on line 11 and continue to line 12.....		11.

Payment Due Dates ➡

	(A) April 15, 1997	(B) June 15, 1997	(C) Sept. 15, 1997	(D) Jan. 15, 1998
12.				
13.				
14.				

12. Divide the amount on line 11 by four (4). Enter the result in columns A, B, C & D on line 12.

13. Annualized income installment. (Request Form ESA from the Department.) Enter amount from line 27c of Form ESA and enter on this line.

14. Enter the amount from line 12 or 13 whichever applies. This is the payment due for each installment period.

***20% of line 1, but not more than \$2,840 if single, \$5,680 if filing joint, or \$5,680 for head of household.**

1997 Montana Individual Estimated Tax Voucher-Form ESV

To ensure proper credit of your payment please use this form
1st Installment Write your check to the Dept. of Revenue

Due April 15, 1997 Tax year or fiscal year date _____

Do not use this space

PLEASE DO NOT STAPLE YOUR CHECK TO THIS VOUCHER

Last Name		First Name & Initial		Social Security Number	
Spouse's Last Name		Spouse's First Name & Initial		Spouse's Social Security Number	
Mailing Address				Telephone #	
City				Date	
State				Amount of This Payment \$	
Zip Code					

INSTRUCTIONS-Form ESW

Complete the entire form to ensure your 1997 estimated tax is as accurate as possible to avoid penalties. When estimating your 1997 deductions, it may help to use your 1996 figures if you don't anticipate major changes in 1997.

Line 1. Enter your calculated 1997 Montana adjusted gross income. Montana adjusted gross income is your 1997 Federal adjusted gross income plus or minus any Montana adjustments of income.

Lines 2 - 4. Self explanatory.

Line 5. Enter your calculated 1997 credits against tax. Examples are credit for Elderly Care, College Contribution Credit, and tax paid to other states.

Line 7. There is an Old Fund Liability Tax (OFLT) assessed on income received from self-employment and the ordinary income (passive and nonpassive) from partnerships, S corporations, estates, trusts and limited liability companies. Multiply qualifying income times .002. There is no longer a \$25.00 minimum.

Line 10.

a) Use your 1997 payroll receipts received to date to estimate your total 1997 withholding.
b) Enter any 1996 overpayment carried to 1997 that was not refunded to you.

c) If you qualify for the Elderly Homeowner/Renter Credit (2EC), enter the anticipated amount of credit. If this credit was claimed in 1996, you may want to use the same figures if no major changes in 1997 income are expected.

Line 11. Subtract 1997 withholding and credits on line 10 from your 1997 tax liability on line 8. If less than \$500, you are not required to make estimated tax payments. If \$500 or more, subtract line 10 from line 9 to determine the total amount you must pay. Enter this amount on line 11 and complete the remainder of the worksheet.

Lines 12, 13 & 14. Calculate your payments for each installment. If your tax situation changes, each succeeding installment must be proportionally changed so that the balance of the estimated payment requirement is paid in equal installments over the remaining period.

Note: If the installment due date falls on a holiday, payment is due on the next working day.

Mail to:
Income Tax Division
Department of Revenue
PO Box 6308
Helena, MT 59604-6308

1997 Montana Individual Estimated Tax Voucher-Form ESV
2nd Installment To ensure proper credit of your payment please use this form
Write your check to the Dept. of Revenue

Due June 15, 1997 Tax year or fiscal year date_____

PLEASE DO NOT STAPLE YOUR CHECK TO THIS VOUCHER

Do not use this space

Last Name		First Name & Initial	Social Security Number
Spouse's Last Name		Spouse's First Name & Initial	Spouse's Social Security Number
Mailing Address			Telephone #
City			Date
State	Zip Code	Amount of This Payment \$	

1997 Montana Individual Estimated Tax Voucher-Form ESV
3rd Installment To ensure proper credit of your payment please use this form
Write your check to the Dept. of Revenue

Due Sept. 15, 1997 Tax year or fiscal year date_____

PLEASE DO NOT STAPLE YOUR CHECK TO THIS VOUCHER

Do not use this space

Last Name		First Name & Initial	Social Security Number
Spouse's Last Name		Spouse's First Name & Initial	Spouse's Social Security Number
Mailing Address			Telephone #
City			Date
State	Zip Code	Amount of This Payment \$	

1997 Montana Individual Estimated Tax Voucher-Form ESV
4th Installment To ensure proper credit of your payment please use this form
Write your check to the Dept. of Revenue

Due Jan. 15, 1998 Tax year or fiscal year date_____

PLEASE DO NOT STAPLE YOUR CHECK TO THIS VOUCHER

Do not use this space

Last Name		First Name & Initial	Social Security Number
Spouse's Last Name		Spouse's First Name & Initial	Spouse's Social Security Number
Mailing Address			Telephone #
City			Date
State	Zip Code	Amount of This Payment \$	